

Internal Revenue Service

Department of the Treasury

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Date: 12/17/07

Taxpayer Identification Number:

Form:

990

Tax Year(s) Ended:

UIL Code: 501.07-01

Person to Contact/ID Number:

ORG

Contact Numbers:

Telephone:

Fax:

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Dear

We have enclosed a copy of our report of examination explaining why we believe revocation of your organization's exempt status is necessary.

If you do not agree with our position you may appeal your case. The enclosed Publication 3498, *The Examination Process*, explains how to appeal an Internal Revenue Service (IRS) decision. Publication 3498 also includes information on your rights as a taxpayer and the IRS collection process.

If you request a conference, we will forward your written statement of protest to the Appeals Office and they will contact you. For your convenience, an envelope is enclosed.

If you and Appeals do not agree on some or all of the issues after your Appeals conference, or if you do not request an Appeals conference, you may file suit in United States Tax Court, the United States Court of Federal Claims, or United States District Court, after satisfying procedural and jurisdictional requirements as described in Publication 3498.

You may also request that we refer this matter for technical advice as explained in Publication 892, *Exempt Organization Appeal Procedures for Unagreed Issues*. If a determination letter is issued to you based on technical advice, no further administrative appeal is available to you within the IRS on the issue that was the subject of the technical advice.

If you accept our findings, please sign and return the enclosed Form 6018, *Consent to Proposed Adverse Action*. We will then send you a final letter revoking your exempt status. If we do not hear from you within 30 days from the date of this letter, we will process your case on the basis of the recommendations shown in the report of examination and this letter will become final. In that event, you will be required to file Federal income tax returns for the tax period(s) shown above. File these returns with the Ogden Service Center within 60 days from the date of this letter, unless a request for an extension of time is granted. File returns for later tax years with the appropriate service center indicated in the instructions for those returns.

You have the right to contact the office of the Taxpayer Advocate. Taxpayer Advocate assistance is not a substitute for established IRS procedures, such as the formal appeals process. The Taxpayer Advocate cannot reverse a legally correct tax determination, or extend the time fixed by law that you have to file a petition in a United States court. The Taxpayer Advocate can, however, see that a tax matter that may not have been resolved through normal channels gets prompt and proper handling. You may call toll-free 1-877-777-4778 and ask for Taxpayer Advocate Assistance. If you prefer, you may contact your local Taxpayer Advocate at:

If you have any questions, please call the contact person at the telephone number shown in the heading of this letter. If you write, please provide a telephone number and the most convenient time to call if we need to contact you.

Thank you for your cooperation.

Sincerely,

Marsha A. Ramirez
Director, EO Examinations

Enclosures:
Publication 892
Publication 3498
Form 6018
Report of Examination
Envelope

Form 886-A (Rev. January 1994)	EXPLANATIONS OF ITEMS	Schedule No. or Exhibit
Name of Taxpayer ORG	Tax Identification Number	Year/Period ended 12/31/20XX

Legend

ORG = Organization name XX = Date XYZ = State

ISSUE:

Whether an organization that fails to submit sufficient information and/or records in order to conduct an examination should have their exempt status revoked.

FACTS:

On December 5, 20XX, the organization was sent a letter stating that according to our records they had paid wages in excess of \$ during the 20XX year. The letter went on to state that we had no record of a Form 990 "Return of Organization Exempt From Tax" being filed. They were requested to submit a copy of this return if it had been filed. Publication 1 "Your Rights as a Taxpayer" was attached to this letter. See Exhibit A.

When no information had been received by January 4, 20XX, the organization was sent a letter stating that we had not received any response to our December 5th letter. They were advised that Section 1.6033-2(i)(2) of the Income Tax Regulations requires exempt organizations to submit additional information necessary for the purpose of inquiring into its exempt status, regardless of whether or not it is required to file an annual information return. See Exhibit B.

On February 9, 20XX, another letter was sent to the organization, stating that if the requested information is not received by March 12, 20XX, we would assume that they do not plan to submit it and we would have no alternative but to proceed based upon the information we had available. This letter was sent Certified Mail. See Exhibit C.

To date, no response has been received and according to our records, the return was never filed by the organization.

LAW:

Section **1.6033-2(i)(2)** of the Income Tax Regulations, states, in part, as follows:

"Every organization which is exempt from tax, whether or not it is required to file an annual information return, shall submit such additional information as may be required by the Internal Revenue Service for the purpose of inquiring into its exempt status . . ."

Section 6652(c)(1)(A) of the Internal Revenue Code provides for a penalty of \$20 for each day the return is late, up to a maximum of \$10,000 or 5 percent of the gross receipts of the organization, unless reasonable cause exists for the late filing.

Revenue Ruling 59-95, 1959-1 C.B.627, provides that the failure or inability of an organization to file a required information return can result in termination of the organization's exempt status because the organization is not complying with the conditions required for continuation of exempt status.

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GOVERNMENT'S POSITION:

Inasmuch as the organization has not provided the requested information and has refused to file the Form 990 for the year ended June 30, 20XX, we propose to revoke the ORG's exempt status under section 501(c)(10) of the Internal Revenue Code effective July 1, 20XX. As a taxable entity the organization will be required to file the appropriate federal income tax return.